investments and non-detection of irregularities in transactions on the part of their clients; and

(c) whether, in the event of the finance turning out to be conclusive, Government would debar such audit firms from undertaking similar assignments in future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) Yes, Sir.

(b) Since the matter is under investigation, it would not be possible at this stage to indicate the names of audit firms which failed to detect the difference in the year-end verifictiion of investments and irregularities in transactions on the part of their clients.

(c) The Institute of Chartered Accountants of India (ICAI) is the competent authority to determine whether the auditors were guilty of negligence in performance of their duty, and if so, what disciplinary action has to be taken against them. RBI may take appropriate action agtinst audit firms on tne basis of the findings of the ICAI.

Ad valorem excise on Cigarettes

2051. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to refer to answer to Unstarred question 49 given in the Rajya Sabha on the 22nd February 1994 and state:

(a) whether Government are aware of any price repositioning of popular brands by escalating prices by which no additional excise revenue acrues to the exchequer;

(b) whether Government have ever considered getting rid of specific length based excise levies and replacing this by ad valorem rates whih are more rational and certain to fetch more excise revenue;

(c) whether by presently levying specific duties length-based, Government are following the basic principle of indirect taxation that the rate should be fixed such that the excise revenue is proportional to value added; and

(d) whether it is a fact that with the existing excise levy, the poor man uses low priced cigarattes pays more excise duty than the rich man who uses high priced cigarettes?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) The excise duty on cigarettes is specific based on the length of the cigarettes. Excise revenue is not related to their prices.

(b) and (c) Ad valorem duties on cigrettes were statutorily changed into specific duties. The present duty structure and rttes have been prescribed after taking into consideration all relevant aspects including price of cigarettes.

As advalorem duties on cigarettes were statutorily changed into specific duties, it would not be correct to say that the Government would have gained more revenue if the duty is on ad valorem basis.

(d) The exise duty on cigarette is only one of the components of the price of the cigarettes. In the case of commodities subject to specific duty, the advalorem incidence will vary with their value and cigarettes are no exceptions to this.

Duping of SBI and Stanchart by Apollo Company

2052. SHRI V. GOPALSAMY: Will the Minister of FINANCE be leased to state:

(a) whether Government's attention has been drawn to news item "Apollo Tubes dupes SBI, Stanchart of Rs. 10 cr. appeared in Indian Express recently;

(b) wnether RBI has looked into thetse allegation against the company; and

(c) if so, what are the findings?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) Yes, Sir.

(b) and (c) The Reserve Bank of India (RBI) has reported that it had arranged for investigation of the matter covered by the news-item at Madras Branches of State Bank of India, Standard Chartered Bank and other concerned banks. RBI will firm up its findings after examining the investigation report.

Competition amongst subsidiaries of GIC

2053. SHRI PRAMOD MAHAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under Government's consideration to allow four Insurance companies of General Insurance Cororation (GIC) to compete freely among themselves;

(b) whether Government have issued any instructions or guidelines in this regard; if so, what are the details thereof;

(c) whether Government have reviewed the functioning of each of these insurance companies;

(d) if so, what are the details in this regard; and

(e) what are the branches of each Company which have been found unviable and what is the extent of loss suffered by each such branch during each of the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) and (b) Committee on Reforms in the Insurance Sector has recommended that General Insurance Corporation should cease to be the holding cmpany of the four subsidiary comptnies and these companies should function as independent companies. Government is yet to take a view on the recommendations of the Committee.

(c) and (d) From time to time the functioning of GIC and Subsidiary Companies is monitored and reviewed by their respective Boards, Insurance Division, special meeting of the Finance Minister and by various Parliamentary Committees namely, Committee on Public Undertakings, Estimates Committee, Committee on Subordinate Legislation, Committee on Welfare of SCs and STs etc.

(e) The viability of branches of Insurance Companies are idetified on grounds of excessive expense ratio i.e. ratio of management expenses to gross direct premium and not on the basis of operating losses. The Company-wise details of unviable branches are as under:—

Name of the Company	No. of Branches unviable
National	138
New India	38
Oriental	79
United India	69

Extra assistance sought by Rajasthan

2054. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) the details of total amount of extra financial assistnce sought by the Rjasthan Government during the last three years and the amount actually allocated, year-wise, for 1991, 1992 and 1993 and so far in 1994, project-wise, by the Central Government;

(b) the reasons for not granting the full assistance asked for in each case; and